PROVINCE OF SASKATCHEWAN

# 08-09

## FINANCIAL STATEMENTS

**MINISTRY OF EDUCATION**

Technology Supported Learning
Revolving Fund

# Letters of Transmittal

The Honourable Dr. Gordon L. Barnhart, S.O.M., Ph.D.
Lieutenant Governor of Saskatchewan

May it Please Your Honour:

I respectfully submit the Financial Statements of the Technology Supported Learning Revolving Fund for the fiscal year ending March 31, 2009.

Ken Krawetz
Deputy Premier
Minister of Education

The Honourable Ken Krawetz
Deputy Premier
Minister of Education

I have the honour of submitting the Financial Statements of the Technology Supported Learning Revolving Fund for the fiscal year ending March 31, 2009.

Audrey Roadhouse
Deputy Minister of Education

**Provincial Auditor Saskatchewan**

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SASKATCHEWAN

## AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the statement of financial position of the Technology Supported Learning Revolving Fund (Fund) as at March 31, 2009 and the statements of operations and accumulated surplus and changes in accumulated net expenditure (recovery) for the year then ended. The Fund's management is responsible for preparing these financial statements for Treasury Board approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at March 31, 2009 and the results of its operations and the changes in its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Regina, Saskatchewan
July 17, 2009

Fred Wendel, CMA, CA
Provincial Auditor

**Statement 1**

**Technology Supported Learning Revolving Fund**
**Statement of Financial Position**
**As at March 31**

| | 2009 | 2008 |
|---|---|---|
| **Financial Assets** | | |
| Cash | $ 100 | $ 100 |
| Accounts receivable | 857,783 | 119,805 |
| Inventory for resale | 16,114 | 14,061 |
| Accumulated net (expenditure) recovery - Statement 3 | (252,300) | 467,120 |
| **Total Financial Assets** | $ 621,697 | $ 601,086 |
| **Liabilities** | | |
| Accounts payable and accrued liabilities | $ 370,032 | $ 141,351 |
| Unearned revenue | 99,000 | 401,708 |
| **Total Liabilities** | $ 469,032 | $ 543,059 |
| **Accumulated Surplus - Statement 2** | $ 152,665 | $ 58,027 |

(See accompanying notes to the financial statements)

**Technology Supported Learning Revolving Fund**
**Statement of Operations and Accumulated Surplus**
**For the Year Ended March 31**

| | 2009 Budget (Note 9) | 2009 | 2008 |
|---|---|---|---|
| **Revenues** | | | |
| Sales | $ 60,000 | $ 63,099 | $ 95,694 |
| Less: Cost of goods sold | 30,000 | 25,169 | 46,391 |
| Gross profit | $ 30,000 | $ 37,930 | $ 49,303 |
| Tuition fees | 650,000 | 526,611 | 924,627 |
| Registration fees | 60,000 | 40,440 | 94,424 |
| Subsidy from General Revenue Fund | 350,000 | 1,044,750 | 667,000 |
| Other revenue | 11,000 | 18,654 | 8,564 |
| **Total revenues** | $1,101,000 | $1,668,385 | $1,743,918 |
| **Expenses** | | | |
| Salaries | $1,100,000 | $1,489,162 | $1,556,682 |
| Postage | 60,000 | 52,016 | 42,714 |
| Office and educational | 35,000 | 18,070 | 37,674 |
| Computer support and maintenance | 35,000 | 1,559 | 35,436 |
| Telephone | 19,000 | 8,409 | 15,594 |
| Other | 10,000 | 4,531 | 8,167 |
| **Total expenses** | $1,259,000 | $1,573,747 | $1,696,267 |
| **Annual surplus** | (158,000) | 94,638 | 47,651 |
| **Accumulated surplus, beginning of year** | | 58,027 | 10,376 |
| **Accumulated surplus, end of year–to Statement 1** | | $ 152,665 | $ 58,027 |

(See accompanying notes to the financial statements)

**Statement 3**

**Technology Supported Learning Revolving Fund**
**Statement of Changes in Accumulated Net (Expenditure) Recovery**
**For the Year Ended March 31**

| | 2009 | 2008 |
|---|---|---|
| Financing required for operating activities: | | |
| Net income | $ 94,638 | $ 47,651 |
| Net (increase) in working capital related to operations (Note 6) | (814,058) | (5,062) |
| | $ (719,420) | $ 42,589 |
| Accumulated net recovery, beginning of year | 467,120 | 424,531 |
| Accumulated net (expenditure) recovery, end of year – to Statement 1 | $ (252,300) | $ 467,120 |

(See accompanying notes to the financial statements)

## Technology Supported Learning Revolving Fund
## Notes to Financial Statements
## March 31, 2009

### 1. Authority and Definition of Entity

The Technology Supported Learning Revolving Fund (Revolving Fund) was established April 1, 1990, pursuant to Section 11 of *The Education Act, 1995*. The purpose of the Revolving Fund is to provide educational services at the high school level, Grades 10-12, to Saskatchewan residents through distance education.

### 2. Significant Accounting Policies

Pursuant to standards established by the Public Sector Accounting Board, the Revolving Fund is classified as an other government organization. These financial statements are prepared in accordance with Canadian generally accepted accounting principles applicable for governments. These financial statements do not present a Statement of Change in Net Assets or a Statement of Cash Flows because this information is readily apparent from the Statement of Changes in Accumulated Net (Expenditure) Recovery and Note 6. The following accounting policies are considered significant.

a) Net Financing Requirements

The net financing requirement is the cash flow from (to) the General Revenue Fund. It represents the total annual financing requirements resulting from the net capital acquisitions, working capital changes and net cash flows from operations.

b) Accumulated Net (Expenditure) Recovery

Expenditures of the Revolving Fund are made directly out of the General Revenue Fund (GRF) and receipts are deposited directly into the GRF. The excess of the accumulated expenditures over accumulated receipts is the accumulated net expenditure balance or outstanding borrowing from the GRF.

The accumulated net (expenditure) recovery of the Revolving Fund includes the aggregate of net financing requirements for all fiscal years resulting from the Revolving Fund's changes in working capital and net cash flow from operations.

c) Inventory

Inventory is valued at the lower of average cost and net realizable value.

d) Revenue recognition

Revenue from tuition fees is recorded in income as the services are provided.

e) Unearned revenue

Unearned revenue consists of tuition fees received prior to delivery of the course. These amounts are included in income when earned (e.g., course is delivered).

Measurement uncertainty exists in these statements in the determination of unearned revenue, since an estimate was used in its determination. Uncertainty in the determination of the amount at which an item is recognized in financial statements is known as measurement

uncertainty. Such uncertainty exists when there is a variance between the recognized amount and another reasonably possible amount and these variances may be material.

f) Change in Accounting Policy

Effective April 1, 2008, the Revolving Fund adopted the standards established by the Public Sector Accounting Board. Other than presentation, the adoption of these standards has not affected the amounts recorded in the Revolving Fund's financial position or results of operations.

## 3. Authorized Financing

Section 11(12) of *The Education Act, 1995* provides for a maximum amount of accumulated net expenditures which may at any time be outstanding to be set by order of the Lieutenant Governor in Council. Order in Council 776/90 sets the maximum amount at $1,200,000.

## 4 Disposition of Accumulated Operating Surplus (Deficit)

Treasury Board controls the operations of the Revolving Fund, in part by monitoring the amount of its accumulated operating surplus (deficit). If the actual amount of the surplus (deficit) exceeds the limit specified by Treasury Board, management is responsible to present a plan to address the excess surplus or deficit for approval by Treasury Board. Plans may include, but are not limited to, payment of excess surplus to, or requests for additional funding from, the General Revenue Fund. The approved surplus or deficit limit of the Technology Supported Learning Revolving Fund is $100,000.

## 5. Tuition Fees and Other Related Costs

The Revolving Fund's tuition fees and other related recoverable costs are described in the annual Technology Supported Learning Calendar. These costs and tuition fees are reviewed annually.

In accordance with established government policy, the Revolving Fund has not been charged with certain costs including occupancy, financing, use of tangible capital assets and certain administrative costs. These costs have been absorbed by various ministerial appropriations and, therefore, no provision is reflected in these financial statements. In addition, the Revolving Fund pays Provincial Sales Tax to the Ministry of Finance on all its taxable purchases. Taxes paid are recorded as part of the cost of these purchases.

## 6. Net Change in Working Capital Items Related to Operations

| | 2009 | 2008 |
|---|---|---|
| Increase (decrease) in accounts receivable | $ 737,978 | $ (7,080) |
| Increase (decrease) in inventories | 2,053 | (891) |
| (Increase) decrease in accounts payable and accrued liabilities | (228,681) | 79,743 |
| Decrease (increase) in unearned revenue | 302,708 | (66,710) |
| Net increase in working capital items | $ 814,058 | $ 5,062 |

## 7. Amount Reported in Public Accounts

The net recovery of the Revolving Fund reported in the Public Accounts is the net income of the Revolving Fund adjusted for the following differences in accounting policies and other adjustments between the Revolving Fund and the General Revenue Fund:

| | 2009 | 2008 |
|---|---|---|
| Net income | $ 94,638 | $ 47,651 |
| (Increase) decrease in inventory balance | (2,053) | 891 |
| Timing differences in recording revenues and expenses | 72,263 | 18,021 |
| Net recovery reported in Public Accounts | $ 164,848 | $ 66,563 |

## 8. Related Parties

These financial statements include transactions with related parties. The Revolving Fund is related to all Saskatchewan Crown agencies such as ministries, corporations, boards and commissions under the common control of the Government of Saskatchewan. Also, the Revolving Fund is related to non-Crown enterprises that the Government jointly controls or significantly influences.

Routine operating transactions with related parties are recorded at the rates charged by those organizations and are settled on normal trade terms. These transactions are as follows:

| | 2009 | 2008 |
|---|---|---|
| Telephone (SaskTel) | $ 8,409 | $ 15,594 |
| Postage and office supplies (Ministry of Government Services) | 55,637 | 46,378 |
| Computer expenses (Information Technology Office) | - | 27,321 |
| Employee Recognition (Ministry of Finance – Public Service Commission) | 493 | - |
| Salaries (Ministry of Finance – training) | - | 165 |
| Salaries (Saskatchewan Archives Board – training) | - | 150 |
| Salaries (University of Regina – training) | - | 325 |

Other transactions with related parties and amounts due to/from them are described separately in the financial statements.

## 9. Budget

Treasury Board approves the Revolving Fund's budget annually. The budget amounts presented in these financial statements are based on the budget approved by Treasury Board.